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Draft report

Trade and environment (programme element II.b)

Conclusions

1. Mutually supportive trade and environment policies can effectively promote the achievement of the management, conservation and sustainable development of all types of forests. Given that trade and environment policies have their specific objectives, decision makers, including trade partners, should contribute to achieving trade in wood and non-wood forest products and services from sustainably managed forests, and implement policies and actions, in particular, avoiding policies tha. have adverse effects, either on trade or on the sustainable management of all types of forests. It is important to take into account the needs of developing countries for social and economic development and environmental protection, in particular poverty alleviation.

2. The impact that international trade in wood and non-wood forest products has on sustainable forest management can be both positive and negative. Trade liberalization adds value to the resource and has the potential to promote economic development, contribute to poverty alleviation and reduce environmental degradation, provided it is accompanied by sound environmental and social policies. However, trade liberalization must not be a vehicle for undermining domestic environmental and health standards which are consistent with international trade rules. Countries should study the positive and negative impacts of trade policies on sustainable forest management. The Uruguay Round yielded significant reductions to tariffs affecting forest products. Special attention should be given to remaining and emerging trade restrictions which constrain market access, particularly for value-added products. Trade measures intended to promote sustainable forest management should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

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3. The Intergovernmental Forum on Forests (IFF) recognized the potential role of voluntary certification of forest management and labelling of forest products as among the potential tools in promoting sustainable forest management and differentiating forest products and services in the market. However, more practical experience is necessary to reach conclusions on the effectiveness of such programmes. Moreover, unsuitable design or non-transparent application of such schemes may in some cases lead to unjustified obstacles to market access. In particular, small and medium-sized forest owners and enterprises, including those of developing countries, may find it excessively costly to implement certification and/or labelling schemes. In the context of these issues, IFF took note of the work of the World Trade Organization (WTO) with regard to voluntary eco-labelling schemes. The proliferation of certification and/or labelling schemes calls for further cooperative work, in line with Intergovernmental Panel on Forests (IPF) recommendations, towards achieving their international comparability and considering their equivalency while taking into account the diversity of national and regional situations.

4. Forest products and services and their substitutes should be adequately valued through full-cost internalization, which in turn would influence competitiveness of these products and services. In this context, countries should undertake analyses of the implications of such valuation on forest management and economic development. Countries should also implement full-cost internalization strategies for forest products and services and their substitutes, taking into consideration the potential costs and benefits of improved efficiency and sustainability of the forest sector.

5. Some available studies carried out on the relative full life-cycle analysis of the environmental impacts of forest products, and their substitutes suggest that the former may be preferable, but further work on such life-cycle analysis is needed.

6. Increased market transparency is essential in order to improve the market access for forest products and services [, including those coming from sustainably managed forests]. In this regard, the role of the private sector is vital but action is also needed by all interested parties to improve market transparency. A better understanding by both producers and consumers of the potential relationship between trade in forest products, forest services and their substitutes and sustainable forest management could help to promote responsible choices in the supply and demand for forest products, forest services and their substitutes.

7. The nature and extent of illegal trade in wood and non-wood forest products, including forest related biological resources, is a serious concern due to damage to ecosystems, loss of biodiversity, lost revenue by Governments, forest owners and local and/or indigenous communities, and distortion of markets for forest products and services. National policies and international cooperation are important to reduce illegal trade with the aim towards its elimination.

8. Recent changes in the markets for forest products, such as those caused by the recent financial crisis, have raised concerns on the ability to continue the implementation of measures aimed at sustainable forest management but have at the same time increased the need for it. The long-term impacts of such unpredictable events on efforts to promote sustainable forest management need examination and monitoring. Such situations highlight the need to develop strategies for sustainable forest management with a long-term perspective so that the negative effects of short-term market changes can be minimized.

9. Developing countries with low forest cover and small island countries have special problems in developing their forest sectors to meet local needs for forest products and services. They depend, in many areas, on other countries to satisfy their needs for forest goods and services. Trade is essential to meet such needs, and international economic and

trade policies may have serious impacts on the efforts of these countries to expand and rehabilitate their forest cover.

Proposals for action

10. IFF stressed the importance of implementing the IPF proposals for action on trade and environment. In order to further their effective implementation IFF:

(a) Urged countries, including trade partners, to contribute to achieving trade in wood and non-wood products and services from sustainably managed forests, and implement policies and actions, in particular avoiding policies that have adverse effects, either on trade or on sustainable forest management;

(b) [Supported continued efforts by countries and the World Trade Organization towards trade liberalization giving special attention to removing remaining and emerging trade restrictions which constrain market access, particularly for value added forest products;]

(c) [Urged countries, international organizations [including WTO] and other interested parties to undertake further cooperative work on certification and or voluntary labelling schemes, in line with the recommendations of IPF, towards achieving their international comparability and considering their equivalence, taking into account the diversity of national and regional situations [and to ensure that such schemes do not lead to unjustified obstacles to market access;]]

(c) *bis* [[and to ensure such schemes do not lead to unjustified obstacles to market access.] Urged that when voluntary certification and/or labelling schemes are developed and applied, they be done so in a way to promote sustainable forest management and to avoid unjustified obstacles to market access;]

(d) Urged countries to undertake analyses of the implications of full-cost internalization on forest management and economic development and implement full-cost internalization strategies for forest products and services and their substitutes;

(e) Requested countries, international organizations and other interested parties to undertake further work on full life-cycle analysis of the environmental impacts of forest products and their substitutes;

(f) Called upon all interested parties to take action to improve market transparency, taking into account the role of the private sector, to help promote responsible producer and consumer choices in the supply and demand for forest products, forest services and their substitutes;

(g) Called upon countries to consider appropriate national-level actions and promote international cooperation to reduce the illegal trade in wood and non-wood forest products including forest related biological resources, with the aim of its elimination;

(h) Urged countries to develop strategies for sustainable forest management with a long-term perspective so that the negative effects of short-term market changes, such as the recent regional financial crises, can be minimized;

(i) Urged countries to recognize the special importance of imports of forest products for countries with low forest cover and fragile forest ecosystems, and small island developing States to satisfy their needs for forest products and services to assist them in expanding and rehabilitating their forest cover.